PRESS RELEASE

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Japfa maintains momentum with best quarterly performance since listing

- ***Excluding foreign exchange and biological assets fair value losses, the Group's overall quarterly performance has been on an uptrend this year, with nine-month performance up 32.7%***

- ***Group's 3Q 2015 Core PATMI[1] improved by 17.5%, boosted by a significant improvement in PT Japfa Tbk's results***

- ***Diversification strategy across multiple geographies and proteins comes through***

Singapore, 30 October 2015 – Leading agri-food company, **Japfa Ltd** ("Japfa", or together with its subsidiaries, the "Group") today reported its financial results for the third quarter ended 30 September 2015 ("3Q 2015") – its best quarterly performance since listing.

The Group's estimated Core PATMI excluding foreign exchange gains or losses more than doubled from US$13.8 million in 3Q 2014 to US$30.7 million in 3Q 2015. For the nine months ended 30 September 2015 ("9M 2015"), this reached US$57.8 million, surpassing US$56.8 million achieved for the full year ended 2014 ("FY2014"). Taking into account foreign exchange and biological asset valuation losses, the Group's 3Q 2015 PATMI was US$8.0 million.

The Group's operations remain healthy with operating profit in 3Q 2015 rising by 51.5% year-on-year to US$65.8 million and EBITDA increasing by 52.0% to US$89.7 million.

Testament to the Group's diversified business model and strategy, the Group's 9M 2015 performance also saw a balanced contribution from its three main business pillars – PT Japfa Comfeed Indonesia Tbk ("PT Japfa Tbk"), Animal Protein Other, and Dairy.

"The Group delivered a commendable operating performance in 3Q 2015 despite the headwinds in Indonesia and China. If we exclude foreign exchange and biological asset valuation losses, the Group's performance for 9M 2015 has already exceeded that of FY2014. We believe the sequential and year-on-year improvements we have achieved this year is a positive trend and a reflection of our sound business model and fundamentals. Our diversification strategy is starting to come through and is key to maintaining stability in an ever-changing business environment," said Mr Tan Yong Nang, Chief Executive Officer of Japfa.

[1] We derived Core PATMI from "Profit Attributable to Owners of the Parent, Net of Tax" by excluding changes in fair value of biological assets attributable to owners of the parent (net of tax), and excluded a one-off gain from the disposal of asset held for sale (attributable to owners of the parent, net of tax) in 2Q 2014.

FINANCIAL RESULTS REVIEW

Overall, the Group's 3Q 2015 performance has not only improved year-on-year but also in sequential quarters, with its 3Q 2015 estimated Core PATMI excluding foreign exchange gains or losses ("Core PATMI w/o Forex")[2] being the highest since listing in August 2014. On a year-to-date basis, Core PATMI w/o Forex has increased 32.7% from US$43.6 million in 9M 2014 to US$57.8 million in 9M 2015.

In 3Q 2015, the Group's Core PATMI improved by 17.5% to US$14.1 million compared to the same period a year ago. The results were boosted by its 57.5%-owned subsidiary, PT Japfa Tbk, which registered its first positive profit after tax since 3Q 2014, mainly due to improved selling prices for broilers and lower cost of goods sold in 3Q 2015.

Impacting PT Japfa Tbk's bottom line was the 10% depreciation of the Indonesian Rupiah against the USD in 3Q 2015, with the Rupiah exchange rate moving from 13,332 as at 30 June 2015 to 14,657 as at 30 September 2015. This resulted in a foreign exchange loss of US$25.3 million, of which approximately US$20.0 million was unrealised translation loss of PT Japfa Tbk's US Dollar-denominated bond. Despite the foreign exchange losses, PT Japfa Tbk managed to generate a profit after tax of US$12.3 million.

Beyond Indonesia, the Group's other animal protein businesses in Vietnam, India, Myanmar and China are a key part of its strategy to diversify across multiple proteins and geographies and to ensure long-term sustainable earnings.

Poultry sales in Vietnam and Myanmar were relatively stable in 3Q 2015, but the profitability was weighed down by weaker market selling prices of day-old-chicks and broilers. Its swine operations in Vietnam continued to be profitable mainly due to improvements in operational efficiencies, with healthy sales volume growth in swine feed and swine fattening.

In China, the Group successfully expanded its dairy production volumes by approximately 50% in 3Q 2015, compared to last year. While milk yields have improved substantially, they did not fully mitigate the impact of lower raw milk prices in China. The Group's dairy business also recognised a US$12.1 million loss from changes in the fair value of the Group's biological assets, versus a fair value loss of US$5.3 million in 3Q 2014, mainly due to the lower raw milk prices and global benchmark prices for heifers as at the end of 3Q 2015.

Excluding a foreign exchange loss of US$28.9 million and biological asset valuation loss of US$9.3 million, the Group's profit before tax in 3Q 2015 increased significantly by 153.3% to reach US$56.3 million.

On a nine-month basis, the Group's diversified business strategy resulted in a relatively stable operating profit, profit before tax before foreign exchange and biological asset valuation losses, as well as EBITDA, at US$141.4 million, US$98.4 million and US$202.5 million, respectively.

As at 30 September 2015, the Group's total assets stood at US$2.1 billion, with cash and cash equivalents of US$199.8 million. For the nine months ended 30 September 2015, the Group generated a positive cash flow of US$192.5 million from its operating activities.

[2] "Core PATMI w/o Forex" is an estimate derived from Core PATMI by excluding foreign exchange gains/losses (before tax) attributable to the owners of the parent. As the majority of the foreign exchange gains/losses are unrealised and arises from the translation of USD bonds in PT Japfa Tbk, which has no tax implication, we have not made an estimate of the tax impact on foreign exchange gains/losses. Accordingly this "Core PATMI w/o Forex" is to be viewed as an indicative number only.

SEGMENTAL REVIEW

Animal Protein

In 3Q 2015, the Group's Animal Protein business posted a 12.8% dip in revenue to US$583.7 million mainly due to the depreciation of the Indonesian Rupiah against USD. In Rupiah terms, sales at PT Japfa Tbk remained stable. Revenue from the Group's Animal Protein Other[3] operations outside of Indonesia was also steady.

Backed by broad-based improvement in feed, breeding and commercial farming margins, operating profit for the consolidated Animal Protein businesses increased from US$32.8 million in 3Q 2014 to US$56.7 million in 3Q 2015, which was also a significant improvement from preceding quarters.

Although selling prices of poultry have softened in both Vietnam and India and impacted profitability in these markets, swine fattening in Vietnam continues to perform well due to operational efficiencies.

On the whole, the consolidated Animal Protein businesses contributed a Core PATMI of US$10.8 million in 3Q 2015, consistent with last year.

Dairy

Revenue for the Group's Dairy business grew 8.2% year-on-year from US$59.4 million in 3Q 2014 to US$64.3 million in 3Q 2015. The stronger revenue was a result of capacity and productivity enhancements with China's Farm 4 fully milking and Farm 5 generating sales since March 2015.

Total milkable cows in the Group's China and Indonesia farms increased from 24,377 in 3Q 2014 to 32,688 in 3Q 2015. The Group also successfully improved its milk yields from 33.3 kg/head/day to 34.7 kg/head/day for its China farms, and from 26.1 kg/head/day to 30.3 kg/head/day for its Indonesia farms.

The growth in sales volume and improvement in milk yields partially mitigated the impact of lower milk prices in 3Q 2015 compared to 3Q 2014. With lower raw milk prices and lower global benchmark prices for heifers as at the end of 3Q 2015, the Group registered a biological asset valuation loss of US$12.1 million in 3Q 2015 compared to a loss of US$5.3 million in 3Q 2014.

Due to the factors mentioned above, Core PATMI for the Dairy business declined from US$5.8 million in 3Q 2014 to US$0.8 million in 3Q 2015.

Consumer Food

The Group's Consumer Food business contributed a revenue of US$47.4 million in 3Q 2015, which was a year-on-year decline mainly due to the depreciation of the Indonesian Rupiah. Sales volume of Real Good milk in Indonesia continued to improve, going up by 14%. The Consumer Food operations in Indonesia were profitable and continued to cover the start-up losses of Consumer Food operations in Vietnam. This business segment managed to break-even with an EBITDA of US$1.8 million and Core PATMI of US$0.5 million in 3Q 2015.

[3] Animal Protein Other refers to the animal protein operations in Vietnam, India, Myanmar and China

OUTLOOK

The poultry industry in Indonesia is seeing signs of stability. To address the over-supply in the poultry industry, 12 poultry companies, including PT Japfa Tbk, have agreed to a culling of six million poultry parent stock under a supply reduction programme initiated by the Director General of Livestock and Animal Husbandry in Indonesia.

The Group continues to manage the market situation in Indonesia by reducing capital expenditure and scaling back on day-old chick production in Indonesia, while focusing on improving operational efficiency and profitability. It is also keeping a close watch on the macro-economic performance of the countries it operates in, to anticipate and mitigate any challenges.

The Group believes its long-term fundamentals remain favourable across all geographies because of the low protein consumption of the large population base in these countries. It is confident that its diversified business strategy and track record in replicating its industrialized and scalable business will enable it to sustain long-term growth momentum across all geographies.

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ABOUT JAPFA LTD

Japfa Ltd is a leading agri-food producer focused on feeding emerging Asian markets. The Group produces protein staples such as chicken, beef and milk, as well as protein-based consumer food products. From its headquarters in Singapore, Japfa operates its businesses in the fast growing economies of Indonesia, China, India and Indo-China. Backed by two generations of farming experience, it operates industrial-scale farms which are vertically integrated with its downstream food processing operations.

This press release is issued on behalf of Japfa Ltd by Kreab Singapore. For media queries, please contact:

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